State Street Climate ESG International Equity Fund

Fund Profile
Sustainable Investing

June 2024

Climate change has the potential to disrupt economies worldwide and challenge companies across all sectors and geographies, to varying degrees. As such, we believe climate change can represent a financial risk to investment portfolios. With innovations in climate data, we now have multiple dimensions to assess climate risk and opportunities across our investable universe.

Our approach offers global equity exposure, while targeting reductions in carbon emissions and reallocating capital towards companies benefiting from low-carbon and green technologies and companies demonstrating preparedness for the risks posed by climate change. At the same time, the Fund seeks increased exposure to companies that score well on our 'Responsibility Factor' (R-Factor™), and screens out companies with material business activity or controversy involvement.

Fund Objective

The State Street Climate ESG International Equity Fund ("the Fund") seeks to achieve capital growth and income in line with the MSCI World ex-Australia Index, subject to delivering climate and ESG objectives.

Fund Approach

The Fund is designed for investors that are seeking to meaningfully integrate climate and sustainability considerations into a diversified global equity portfolio. The fund uses both backward-looking and forward-looking metrics to assess a company's exposure to climate risk and opportunities:

- **Climate Risks —** aims to reduce exposure to fossil fuel related activities and companies with elevated exposure to climate-related financial risks, such as physical risks.
- **Climate Opportunities —** aims to increase exposure to companies who are well positioned for the low-carbon transition, such as those companies better prepared for the economic and regulatory impacts of climate change, or those companies investing in green technologies.
- **Transparent Sustainability Scoring —** increases exposure to companies that score well on financially material sustainability issues relative to their industry peers, as well as performance against market specific corporate governance codes.
- **Screening —** screens out companies with material[1] business activity involvement in tobacco, controversial (including nuclear) weapons, thermal coal, oil & gas, alcohol, gambling, civilian firearms and adult entertainment, as well as companies exhibiting violations of the UN Global Compact principles and severe ESG controversies.

1 Materiality thresholds are outlined in the Fund's Product Disclosure Statement and accompanying Information Booklet, available at ssga.com.

Investment Process

Figure 1 **Investment Process Summary**

The Fund follows a disciplined and systematic investment process to achieve pre-defined climate objectives while aiming to deliver long-term returns broadly in line with the MSCI World ex-Australia Index.

1 **Source the Best Data** Our research team has sought to identify the most appropriate metrics and data sources for each aspect of the Fund's approach to climate risk and built R-Factor™ to rank companies based on financially material sustainability factors.

2 **Build the Right Universe** Starting with the broad index, the investment process incorporates a set of screens that are aligned with sustainable risk and reputational management objectives. Securities that fail these screens, are removed from the investment opportunity set.

3 **Design For Maximum Impact** The fund is designed to achieve portfolio level improvements by:

- Reducing carbon intensity, fossil fuel reserves, brown revenues, climate value at risk and implied temperature rise measures and;
- Increasing green revenue, carbon risk rating and R-Factor scores.

Optimisation tools are used to construct the portfolio and efficiently balance competing objectives such as climate targets, R-Factor™ improvement, tracking error and diversification.

Careful calibration of portfolio construction parameters positions the fund to capture the climate and sustainability themes, without introducing unintended consequences such as country, sector or stock biases, or excessive active risk relative to the broad index.

4 **Implement & Monitor Portfolio** Portfolio Managers review the portfolio trade list and, in conjunction with our Traders, decide on a trading strategy to cost-efficiently implement the portfolio. The fund is normally rebalanced on a quarterly basis, although rebalances may occur less or more frequently.

We continually monitor the portfolio, testing it against the risk/return profile of the parent benchmark, climate objectives and investability constraints. Our sustainability reporting quantifies the Funds' exposure to core controversies, climate and R-Factor™ profiles, and stewardship engagement statistics.

Figure 2 **Targeted Climate and Sustainability Objectives**

	Climate							Sustainability
Objective	**Reduce Carbon Emission Intensity**	**Reduce Fossil Fuel Reserves**	**Reduce Brown Revenues**	**Improve Green Revenues**	**Reduce the Implied Temperature Rise**	**Reduce the Climate Value at Risk**	**Improve the Carbon Risk Rating**	**Increase Sustainability Score**
	Direct and indirect greenhouse gas emissions	Greenhouse gas emissions resulting from a company's fossil fuel reserves	Exposure to activities associated with the extraction and direct use of fossil fuel sources, as well as supporting activities	Exposure to global companies engaged in the transition to a green economy	"Overshoot" or "undershoot" of a company's current & future emissions vs "share" of a global emissions budget (under a 1.5% global warming scenario)	Return-based valuation assessment of climate-related risks (physical and transition) and opportunities	Level of preparedness for the low-carbon economy of the future	Sustainable characteristics leveraging the SASB financial materiality map and multiple data sources
Metric	Metric tons CO_2 emissions/$M revenues	Embedded metric tons CO_2 emissions	% revenues from fossil fuel related activities	% revenues from low carbon technology and the "green" economy	Degrees Celsius (0–10C), indicating alignment with global climate targets (under a 1.5C scenario)	Value at risk score (-100 to 100). Negative (representing risks), or positive (representing opportunities)	Rating (0–100), combining carbon risk classification & carbon performance scores	R-Factor™ (0–100)
Data Provider	S&P Trucost	S&P Trucost	S&P Trucost	FTSE Russell	MSCI Inc	MSCI Inc	ISS ESG	Multiple
Targeted Climate and ESG Profile[2]	-70%	-90%	-90%	+200%	-10%	10% improvement	+10%	+0.25 exposure units*

* Active exposure is a statistic that is measured in standard deviation units. Standard deviation is used to measure the distributional spread of data. A positive exposure indicates exposure above the universe (or parent index) average, which is typically set to 0.00. A negative exposure indicates exposure is below the universe average.
Source: State Street Global Advisors.

2 As compared to the MSCI World ex-Australia Index. The above targets are as of 31 May 2024 and are subject to change as both the science and the data behind climate investing evolves.

Figure 3 **Fund Details**

Benchmark	MSCI World ex-Australia Index
Inception Date	30 June 2016
Management Costs	0.24% p.a.
Buy/Sell Spread	0.07%/0.04%
Minimum Initial Investment	AUD 25,000
Pricing	Daily
Distribution Frequency	Semi-Annually
APIR	SST0057AU
ARSN	611 640 361
ISIN	AU60SST00571

Reasons to Invest

- **Sustainable Integration and Risk Management**

Climate Focus — builds climate change thematically into portfolio construction.

Improved Sustainability Profile — provides increased exposure to sustainable companies that are highly rated by our scoring system (R-Factor™).

Negative Screening — exclusions seek to avoid companies with material ESG risk and reputational issues.

- **Diversification —** cost efficient way of gaining diversified exposure to developed countries.
- **Invest Responsibly —** We believe that environmentally efficient, socially aware, well-governed companies are well positioned to withstand emerging risks and capitalise on new opportunities — especially longer term.
- **Asset Stewardship —** The Investment Manager actively engages with portfolio companies on issues that promote long-term value creation.

Investment Principles

Our approach to designing sustainable equity solutions is guided by the following investment principles:

We believe sustainability issues pose multiple risks and opportunities in investment portfolios today, and that it can have a material impact on the long-term value creation of public companies. Increasingly, climate-related risks such as physical and transition risks are a growing source of financial risk in capital markets. Climate change also presents opportunities for investments in green energy and companies that are building climate resiliency into their business models.

To deliver the best possible solutions for our clients, we innovate through research. Sustainable strategy design and implementation should be based on rigorous, systematic research. Every methodology decision, from data vendor and metric selection, to risk model specification and portfolio construction, to index rebalancing frequency, should be based on quality data and a thoughtful, disciplined measurement standard.

We believe investors should seek risk- and cost-efficiency in portfolio construction and implementation. Sustainability objectives should be carefully balanced with diversification, liquidity and active risk, and portfolio construction should explicitly consider transaction costs. We also believe that skilled portfolio management is crucial for the implementation of sustainable portfolios, since these portfolios often deviate from the market capitalisation indices, requiring higher turnover and more frequent rebalancing.

We believe transparency should be a cornerstone of sustainable strategies and is a distinguishing feature of State Street Global Advisors' Systematic Equity Sustainable Solutions relative to active approaches. The data sources, risk model specification, portfolio construction rules and optimisation parameters are integrated into a fully transparent investment approach.

A globally consistent investment process and portfolio management system enables us to invest efficiently and minimise risks for our clients. We designed our proprietary global portfolio management system around our clients' need for advanced and innovative systematic equity solutions. This customised system allows us to nimbly evolve to changing market conditions and investor requirements.

About State Street Global Advisors

Our clients are the world's governments, institutions and financial advisors. To help them achieve their financial goals we live our guiding principles each and every day:

- Start with rigor
- Build from breadth
- Invest as stewards
- Invent the future

For four decades, these principles have helped us be the quiet power in a tumultuous investing world and help millions of people secure their financial futures. This takes each of our employees in 28 offices around the world, and a firm-wide conviction that we can always do it better. As a result, we are the world's fourth-largest asset manager* with US $4.34 trillion† under our care.

* Pensions & Investments Research Center, as of December 31, 2022.
† This figure is presented as of March 31, 2024 and includes ETF AUM of $1,360.89 billion USD of which approximately $65.87 billion USD is in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated. Please note all AUM is unaudited.

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References to the State Street Climate ESG International Equity Fund ("the Fund") in this communication are references to the managed investment scheme domiciled in Australia, promoted by SSGA Australia, in respect of which SSGA, ASL is the Responsible Entity. This general information has been prepared without taking into account your individual objectives, financial situation or needs and you should consider whether it is appropriate for you. You should seek professional advice and consider the product disclosure statement available at ssga.com, before deciding whether to acquire or continue to hold units in the Funds. The Target Market Determination is also available at ssga.com.

Investing involves risk including the risk of loss of principal. Investing in foreign domiciled securities may involve risk of capital loss from unfavourable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.

A higher re-balancing frequency for an account could mandate more trading and thus lead to added costs and tax consequences.

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Diversification does not ensure a profit or guarantee against loss.

The returns on a portfolio of securities which exclude companies that do not meet the portfolio's specified ESG criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's ESG criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole. Responsible-Factor (R Factor) scoring is designed by State Street to reflect certain ESG characteristics and does not represent investment performance. Results generated out of the scoring model is based on sustainability and corporate governance dimensions of a scored entity.

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Past performance is not a reliable indicator of future performance.

This material should not be considered a solicitation to apply for interests in the Fund and investors should obtain independent financial and other professional advice before making investment decisions. There is no representation or warranty as to the current accuracy of, nor liability for, decisions based on such information.

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